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Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 DHA-02 CIAE-00 INR-07 NSAE-00

AID-05 EB-07 IO-13 PM-04 NSC-05 SP-02 SS-15 DODE-00

OMB-01 TRSE-00 /084 W
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R 300835Z SEP 76
FM AMEMBASSY DAMASCUS
TO SECSTATE WASHDC 9805
INFO AMEMBASSY AMMAN
AMEMBASSY ATHENS
AMEMBASSY BEIRUT
AMEMBASSY CAIRO
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY NICOSIA
AMEMBASSY TEL AVIV
USDOC WASHDC
USMISSION USUN

C O N F I D E N T I A L DAMASCUS 6585

DEPT PASS AID/W

E.O. 11652: GDS
TAGS: EGEN, SREF, SY
SUBJECT: IMPACT OF LEBANESE REFUGEES ON SYRIAN ECONOMY

1. SUMMARY: THE FIGHTING IN LEBANON HAS CAUSED UP TO PERHAPS ONE MILLION REFUGEES TO FLEE TO SYRIA. RELIEF EFFORTS, PLUS THE REFUGEES' CONSUMER DEMANDS, HAVE PLACED EXTRA BURDENS ON A SYRIAN ECONOMY ALREADY STRAINED BY THE COSTS OF THE MILITARY INTERVENTION ITSELF AND A SLOWDOWN OF ASSISTANCE FROM OTHER ARAB STATES. ALTHOUGH IT IS IMPOSSIBLE TO QUANTIFY ADVERSE ECONOMIC EFFECTS OF THE REFUGEES UPON SYRIA, THERE IS NO DOUBT THAT LARGE SUMS OF MONEY OTHERWISE EARMARKED FOR ECONOMIC DEVELOPMENT PROJECTS HAVE BEEN SIPHONED OFF FOR REFUGEE RELIEF AND TO MAKE
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UP SHORTAGES CAUSED BY EXTRA CONSUMER DEMAND; THE

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MINISTER OF ECONOMY HAS TERMED THE PRESENCE OF THE REFUGEES "DESTRUCTIVE" TO THE SYRIAN ECONOMY. THERE ARE SMALL SIGNS THAT RELIEF, HOWEVER, MAY BE IN SIGHT. END SUMMARY.

2. SYRIAN OFFICIALS ESTIMATE THAT ABOUT ONE MILLION REFUGEES HAVE FLED TO SYRIA TO ESCAPE THE FIGHTING IN LEBANON. OF THESE, ABOUT 200,000 HAVE REGISTERS AS RESIDENTS OF SYRIA WHICH GRANTS CERTAIN PRIVILEGES SUCH AS RIGHT TO WORK. MINISTER OF INTERIOR GENERAL ADNAN DABBAGH TOLD EMBASSY OFFICERS THAT ABOUT HALF OF THESE REFUGEES ARE LEBANESE, 300-400,000 ARE SYRIANS FORMERLY RESIDING IN LEBANON, AND THE REMAINDER PALESTINIAN. A FEW OF THESE REFUGEES HAVE MERELY TRANSITED SYRIA TO HAVENS IN EUROPE, AMERICA, OR ELSEWHERE IN THE ARAB WORLD; SOME OTHERS HAVE RETURNED TO LEBANON. MOST, HOWEVER, HAVE STAYED IN SYRIA TO AWAIT THE OUTCOME OF THE FIGHTING, AND NEWCOMERS ARRIVE DAILY, DESPITE TIGHTENED SYRIAN ENTRY PROCEDURES (DAMASCUS 5664).

3. THE SYRIAN GOVERNMENT HAS EXTENDED ITSELF TO PROVIDE HELP FOR THESE REFUGEES. THE PRIME MINISTER IN JULY ESTABLISHED AN INTERMINISTERIAL COMMITTEE HEADED BY THE MINISTER OF LOCAL ADMINISTRATION TO COORDINATE EFFORTS TO ASSIST THE REFUGEES WITH FOOD, ACCOMMODATION, EMPLOYMENT, AND HEALTH CARE. LEBANESE REFUGEES MUST REGISTER WITH THE POLICE UPON ARRIVAL AND CAN THEN OBTAIN A GREEN IDENTITY CARD AND WORK PERMIT. THE MINISTERS OF INTERIOR AND OF ECONOMY AND FOREIGN TRADE HAVE TOLD EMBASSY OFFICERS THAT ALMOST ALL THOSE WILLING TO WORK -- ESPECIALLY SKILLED AND UNSKILLED WORKERS AND SUCH PROFESSIONALS AS DOCTORS, TEACHERS, AND ENGINEERS -- HAVE BEEN ABSORBED INTO THE SYRIAN ECONOMY; OFFICIALLY THERE IS NO UNEMPLOYMENT IN SYRIA. LEBANESE TAXIS NOW OPERATE ON THE STREETS OF DAMASCUS. A PLANNING MINISTRY SOURCE STATED THAT THERE HAS BEEN SOME PROBLEM WITH LEBANESE REFUGEES WHO PREFER THE CAPITAL TO WORKING IN JOBS THEY HAVE BEEN OFFERED IN THE PROVINCES, BUT "THAT IS THEIR PROBLEM". HOUSING POSES MORE OF A PROBLEM:
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REFUGEES HAVE FILLED SYRIA'S HOTELS; MANY HAVE BEEN TEMPORARILY LODGED IN SCHOOLS AND CHURCHES. APPARENTLY, THE GOVERNMENT HAS BUILT NO NEW REFUGEE CAMPS, ALTHOUGH MANY PALESTINIANS HAVE PROBABLY RETURNED TO EXISTING CAMPS AROUND DAMASCUS. THE HOUSING SITUATION HAS BEEN SOMEWHAT EASED BY THE FACT THAT MANY LEBANESE AND SYRIAN RETURNEES ARE LODGING WITH THEIR FAMILIES IN SYRIA. THE REFUGEES DO NOT APPEAR TO HAVE BROUGHT ANY PARTICULAR

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HEALTH PROBLEMS TO THE DAMASCUS REGION, ALGHOUGH SOME CHOLERA HAS BEEN REPORTED AMONG REFUGEES IN THE TEL KALAKH AREA, JUST ON THE SYRIAN SIDE OF THE NORTH BORDER OF LEBANON.

4. SYRIAN OFFICIALS ARE RELUCTANT TO BE DRAWN OUT ON THE PRECISE COSTS TO THE SYRIAN ECONOMY OF THE PRESENCE OF THE REFUGEES, BUT ALL AGREE THAT THE EFFECTS HAVE BEEN DEBILITATING. THE DEPUTY MINISTER OF LOCAL ADMINISTRATION, WHO IS RESPONSIBLE FOR COORDINATING REFUGEE RELIEF EFFORTS IN THE CITY AND MUHAFAZAT OF DAMASCUS, ESTIMATED THAT GOVERNMENT WAS SPENDING 5-10 SYRIAN POUNDS DAILY PER REFUEE, BUT HE DID NOT SPECIFY IF THIS FIGURE OBTAINED FOR ALL REFUGEES IN HIS JURISDICTION OR ONLY FOR THOSE WHO HAVE REGISTERED AND SOUGHT RELIEF.

5. IN ADDITION TO THE DIRECT COSTS OF RELIEF, THE SYRIAN ECONOMY IS BURDENED BY THE UNFORESEEN DEMANDS OF A MILLION NEW CONSUMERS. SYRIA ESSENTIALLY HAS A PLANNED ECONOMY WITH THE PUBLIC SECTOR ACCOUNTING FOR ABOUT 75 PERCENT OF THE COUNTRY'S ECONOMIC ACTIVITY. SUCH AN ECONOMY REACTS SLOWLY TO EMERGENCIES. MINISTER OF ECONOMY AND FOREIGN TRADE DR. MOHAMMAD IMADI ADMITTED TO EMBOFFS, WHILE DECLINING TO CITE ACTUAL DOLLAR COSTS, THAT UNEXPECTED REFUGEE CONSUMER DEMANDS HAVE CAUSED SERIOUS SHORTAGES IN FUEL AND MANY FOOD STAPLES SUCH AS SUGAR, COFFEE, AND TEA. THE GOVERNMENT HAS BEEN FORCED TO PLACE COSTLY EMERGENCY ORDERS OVERSEAS TO SUPPLEMENT ITS STOCKS. (THE DEMAND PROBELM HAS BEEN EXACERBATED BY NON-REFUGEE LEBANESE WHO FREQUENTLY CROSS THE BORDER TO STOCK UP ON FOODSTUFFS AND FILL UP THEIR CAR'S GAS TANK BEFORE RETURNING HOME. ONE REASON CONFIDENTIAL

BEHIND RECENT REGULATION REQUIRING ENTRY PERMITS IS SYRIA'S ATTEMPT TO RESTRICT THIS TRANSIENT TRAFFIC.) IMADI WANTS TO RAISE THE GOVERNMENT-CONTROLLED PRICE OF FUEL AND CERTAIN FOODSTUFFS TO RECOVER AT LEAST SOME OF THE EXTRA COSTS IMPOSED BY REFUGEE CONSUMER DEMAND (THE PRICE OF MANY COMESTIBLES IS ALREADY SET IN MANY CASES FAR BELOW MARKET VALUE; FOR EXAMPE, BREAD SELLS AT 35 PIEASTERS PER KILO BUT COSTS ABOUT 75 PIEASTERS PER KILO TO PRODUCE). IMADI, HOWEVER, HAS BEEN OVER-RULED BY THE SARG HIGHER ECONOMIC COMMITEE ON POLITICAL GROUNDS.

6. IMADI NOTED THAT ALTHOUGH SYRIA HAS RECEIVED SOME ASSISTANCE FROM KUWAIT AND SAUDI ARABIA (HE MENTIONED NO SUM), SYRIA HAS BORNE ALONE THE MAJOR SHARE OF

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EXPENSES IMPOSED BY THE REFUGEES. MOREOVER, THE
REFUGEES, ASIDE FROM THEIR LABOR, HAVE BROUGHT NO
OFFSETTING ECONOMIC ADVANTAGES TO SYRIA. ALTHOUGH
MANY OF THE LEBANESE NOW IN SYRIA ARE MONIED (THEIR
CONSPICUOUS CONSUMPTION AND LARGE AMERICAN CARS
FILLING DAMASCUS' ALREADY-CONGESTED STREETS HAVE
CAUSED SOME GRUMBLING AMONG SYRIANS), THEY DO NOT APPEAR
READY TO INVEST CAPITAL IN THEIR COUNTRY OF REFUGE.
ALL IN ALL, SAID IMADI, THE PRESENCE OF THESE REFUGEES
HAS BEEN "DESTRUCTIVE" TO THE SYRIAN ECONOMY.

7. IN THE LAST FEW DAYS THERE HAVE APPARENTLY BEEN
SOME SMALL SIGNS THAT THE PROBLEM MAY BEGIN TO ABATE.
AS THE BIQAA VALLEY IS PACIFIED AND SOME FARMS THERE
HAVE GONE BACK INTO PRODUCTION, REFUGEES ARE BEGINNING
TO TRICKLE BACK. THERE IS SIMILAR PLAN FOR LEBANESE
REFUGEES FROM THE KOURA DISTRICT. THE NUMBERS ARE
SMALL, BUT THE MOVEMENT IS SOME INDICATION THAT RELIEF
MAY BE IN SIGHT. FURTHER, AS AGRICULTURAL PRODUCTION
IN THE BIQAA PICKS UP (A PROCESS HAMPERED BY DISRUPTION
OF THE COMPLEX SUPPLY AND PRODUCTION NETWORK OF MUCH OF
THE AGRIBUSINESS LOCATED IN THAT AREA), PRESSURES ON
SUPPLIES BY REFUGEES IN SYRIA SHOULD BE LIGHTENED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, REFUGEE RELIEF, INTERVENTION, CIVIL DISORDERS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976DAMASC06585
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760369-1250
From: DAMASCUS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976094/aaaaactz.tel
Line Count: 192
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 21 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2004 by ShawDG>; APPROVED <22 APR 2004 by GolinoFR>
Review Markings:

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Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IMPACT OF LEBANESE REFUGEES ON SYRIAN ECONOMY
TAGS: EGEN, SREF, SY, LE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006